

low-income rural housing development, repair and rehabilitation, or have other business management or administrative experience which indicates an ability to operate a program providing repair and rehabilitation financial assistance as well as for replacement housing;

(3) Legally obligate itself to administer HPG funds, provide an adequate accounting of the expenditure of such funds in compliance with the terms of this regulation, the grant agreement, and 7 CFR parts 3015 or 3016 (available in any FmHA or its successor agency under Public Law 103-354 office), as appropriate, and comply with the grant agreement and FmHA or its successor agency under Public Law 103-354 regulations; and

(4) If the applicant is engaged in or plans to become engaged in any other activities, provide sufficient evidence and documentation that they have adequate resources, including financial resources, to carry on any other programs or activities to which they are committed without jeopardizing the success and effectiveness of the HPG project.

(b) An applicant will *not* be considered eligible if it is a nonprofit entity *and* its proposal is based *solely* on an identity of interest, as defined in § 1924.4(i) of subpart A of part 1924 of this chapter, between the applicant and the owner(s) of the proposed dwelling or co-op to be rehabilitated or repaired.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26209, May 13, 1997]

§ 1944.659 Replacement housing.

Replacement housing applies only to existing, individual owner occupied housing. Replacement housing does *not* apply to rental properties (single-unit or multiple-unit) or to cooperative housing projects. The grantee is responsible for determining the extent of the repairs and rehabilitation prior to any assistance given to an individual homeowner. If the cost of such repairs and rehabilitation is not economically feasible, then the grantee may consider replacing the existing housing with replacement housing, subject to the following:

(a) The HPG grantee:

(1) Shall document the total costs for all repairs and rehabilitation of the existing housing; and

(2) Shall document the basis for the determination that the costs for all repairs and rehabilitation for the existing housing are not economically feasible.

(b) The individual homeowner:

(1) Must meet all requirements of § 1944.661;

(2) Must lack the income and repayment ability to replace their existing home without the assistance of the HPG grantee;

(3) Must have been determined by the HPG grantee and RHS to be unable to afford a loan under section 502 for replacement housing; and

(4) Must be able to afford the replacement housing on terms set forth by the HPG grantee.

(c) The existing home:

(1) Must be demolished as part of the process of providing replacement housing. It will be determined by the grantee and individual homeowner when is the best time for demolition; and

(2) May not be sold to make way for the replacement housing.

(d) The replacement housing:

(1) May be either new housing or a dwelling brought onto the site of the existing housing;

(2) May use no more than \$15,000 in HPG funds;

(3) Must meet all applicable requirements of 7 CFR 3550.57; and

(4) May not be sold within 5 years of completion of the project.

(e) Any moneys received by the homeowner from selling salvaged material after demolishing the existing home must be used towards the replacement housing.

[62 FR 26209, May 13, 1997]

§ 1944.660 Authorized representative of the HPG applicant and FmHA or its successor agency under Public Law 103-354 point of contact.

(a) FmHA or its successor agency under Public Law 103-354 will deal only with authorized representatives designated by the HPG applicant.

(b) The State Director will designate either the State Office and/or the District Office as the processing office and/or the servicing office for the HPG